CHAPTER 32

FINANCIALIZATION OF EVERYDAY LIFE

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Introduction

The global financial system, the influence of financial markets on corporate governance and national policies, and the broader implications of financial logics for governing economic and social lives have recently become more important in economic geography research (Hall, 2012). This is particularly evident in the traction gained by the concept of financialization among geographers and other social scientists as a way of describing the growing power of financial markets and financial institutions in economic, political, and social life (see Engelen, 2008; Pike and Pollard, 2010; French et al., 2011). Studies range from how the finance sector dominates national political economies (Blackburn, 2006; Dore, 2008), to how firm strategies and management are increasingly beholden to the logics of finance (Williams, 2000; Froud et al., 2002; Krippner, 2005), and the ways in which households and individuals are tied into increasingly complex relationships with the international financial system (Martin, 2002; Langley, 2008a). In most conceptions, the adoption of financial logics is rendered either as an exogenous shock to political economies, as they are 'captured' by finance and financial actors, or as an unintended consequence of deregulation and changes in monetary policy in order to attract capital (see Streeck and Thelen, 2005; Krippner, 2012). This shift in financial logic and behaviour is also evident at the level of individuals and households. Habits of saving and financial planning have transformed over time as everyday lives and life cycles (relating to housing, consumption, health, retirement, death, etc.) are increasingly tied to the performance of financial markets, with individuals seeking market solutions for personal life goals and future security.

While this chapter focuses on everyday financialization, studies at the macro-institutional level and firm level are useful in contextualizing the processes and impacts of financialization as they unfold in the realms of everyday life.[1] Institutional studies that interrogate the interdependent relations between financialization and neoliberal governments demonstrate how multiple rounds of deregulation and government support fuelling the growth of finance industries have reified financialization as the ideal technique of governance. Firm-level studies from critical social accountancy also demonstrate how the increasing power of shareholders and their desire to raise corporate value has pressured management to seek out wealth creation in non-traditional venues, such as financial and property markets, rather than through production or innovation (Froud et al., 2000, 2006). This 'narrative of numbers', in which key financial indicators such as shareholder value become prominent metrics of success, has resulted in distinctive changes in firm behaviour and corporate governance, away from core business activities and towards financial investments and indicators. Financial markets, instruments, and logics are increasingly framed as solutions for governments and firms in solving budgetary crises or in seeking new growth strategies (Dymski, 2009a; du Gay et al., 2012). This increasingly privileged position of finance promotes new forms of calculative and competitive economic behaviour in the contemporary neoliberal era (Duménil and Lévy, 2004; Larner, 2012).

Other than analysing the processes and impacts of financialization on firms and regions (Pike and Pollard, 2010; Coe et al., 2014), geographers have been particularly influential with respect to culturally inflected sociological research on how finance shapes everyday life within contemporary capitalist societies. The operation and impacts of financialization at the individual level reflects how increasing consumption of financial products and the growing acceptance of financial logics in the context of dwindling state-welfare benefits normalizes risks and risk-taking behaviour (Martin, 2002). Individuals adopt new modes of self-governance and reflexivity to monitor their investments and consumption habits. Changing practices of borrowing and saving are also seen in both the rise of credit card and other debts, and in the channelling of savings into insurance and investment products rather than conventional bank deposits. Changing state policies, new technologies on credit scoring and securitization, and the rise of middle-class consumers in developing economies are also changing the nature and impacts of financial consumption and financialized behaviour. While some view this as a democratization of finance and investment to a broader public (i.e. a growth market), others see it as the creation and extension of new risks with spatially uneven impacts.

The financialization of everyday life involves the making of finance capitalism though particular narratives, actors, and technologies that emphasize individual responsibility, risk taking, and calculative assessment in managing personal financial security and well-being. The 2008 global financial crisis has highlighted the profound changes to relationships between households and global financial markets. However, through more than just predatory lending practices to vulnerable households and communities, the unfolding and impact of the subprime crisis demonstrates a much broader expansion of financial power, in which individual subjectivity, aspiration, and forms of conduct at an individual level are directly linked to global financial structures. This calls for more systematic and incisive analyses into the household and its constituent elements in the construction and mobilization of financialized behaviour and outcomes. The rest of this chapter is divided into three sections that trace the historical growth of financialization at the household level, assess the current research approach that emphasizes financial subjects and governmentality, and suggest a renewed engagement with the state as a vital and strategic actor in financialization for future research directions. The conclusion reflects on the role of cultural economy in studying the financialization of everyday life and broader issues of equitability and sustainability.

New Intermediaries of Finance

The financialization of everyday life has been accelerated by important technological and institutional developments over the last few decades, although its beginnings could be traced further back. Since the mid-1800s, industrial life assurance and cheque trading (known collectively as 'doorstep finance') were based on sales and service by door-to-door agents and lenders with weekly collection of contributions towards small life-assurance policies and the issuance of credit cheques. These were established in Victorian Britain and the USA to provide the means to certain forms of consumption for the growing working class (Zelizer, 1983, 2011; McFall, 2015). In the early years, the life-assurance industry grew out of the demand for funeral coverage, as it constituted a large expense on one of the most important ritual events in the life cycle. Over time, policies expanded to include endowment and pension plans that could be used to pay for other important life events such as weddings, anniversaries, and big-consumption items like houses, cars, and other consumer products. While operating on a much smaller scale than industrial life assurance, cheque trading or door-step lending also played an important role in changing the consumption patterns of individuals and households, as the credit issued (in the form of cash cheques that carried a fee plus interest) enabled poorer households to buy subsistence goods initially but was later utilized for larger consumer items. Such forms of financial services continue to operate in particular regions and neighbourhoods that have been excluded by mainstream financial systems, as those households often do not fulfil required credit ratings (Leyshon et al., 2004).

The impact of information technology on the intermediation of financial products and services has been particularly influential in the growth of credit scoring. Over the last fifty years, a technocratic, statistical expertise has been gradually applied by lenders to regulate the problem of default by borrowers, which, in practice, reframes consumers and their attributes as various forms of 'legible' and calculable risks, such that they become amenable to new forms of government (Marron, 2007). Whereas credit used to be granted and managed by individual retailers such as large department stores and mail-order companies, the postwar boom saw the entry of financial institutions into the profitable provision of credit for immediate personal consumption (rather than long-term purchase with collateral such as property).

The issuance of general bank credit cards represented a new form of mass consumer credit and required new ways of calculating and managing information and risks in the form of categorical, quantified data. Credit scoring and the process of constituting risk provided the lender with new means of understanding and managing individual consumers by stringing together commercial considerations of default, operational costs of the firm and standardization of credit approval procedures. Moreover, the 'objectivity' produced in scoring also enabled lenders to deploy statistical models as a means for refuting claims of unlawful discrimination in credit granting. The use of credit-scoring technologies became ever more pervasive with the widespread adoption of credit cards among Anglo-American consumers, the growth in computing power for statistical modelling and the electronic storage and management of data. These, in turn, drove lenders to pursue an ever-larger customer base for economies of scale and contributed to increased consumption and household debt over the last two decades (McFall, 2008; Langley, 2009; Marron, 2009).

The conceptualization and management of credit risk took on a powerful narrative as it became colonized by new credit bureaux and credit consultancy firms. These are the electronic repositories of the credit histories of almost all credit consumers in the country of jurisdiction, derived from the records of all mainstream consumer lenders (be they financial institutions or department stores), which are, in turn, used as a resource by lenders in guiding credit assessment (Leyshon and Thrift, 1999). Credit scores are thus transformed into a commodity that can be sold to lenders who, for whatever reason, would rather not formulate risk-assessment models of their own. Concerns regarding defaults by consumers have also created new measurements for over-indebtedness that connect individuals' attributes and life events, such as unemployment, illness, marital changes, age, education, and number of children, to their credit ratings (Marron, 2012; Deville, 2015).

The construction of individuals as quantifiable risks has also become entangled with broader uncertainties experienced by financial institutions at large as they trade entire portfolios of loans encompassing an array of consumers and credit agreements. This is done through the process of securitization, another important technology of intermediation that has become particularly prominent over the last two decades. Securitization takes an illiquid asset or groups of assets and repackages them into a tradable form of security, which could then be moved off the balance sheet of the issuing entity (thus improving its financial position and enabling new rounds of accumulation). The ways in which securitization and financial engineering created new forms of relationships between households and the larger financial system, and new risks, came under the spotlight during the 2008 subprime mortgage crisis and credit crunch (Langley, 2008b; Christophers, 2009; Aalbers, 2009a).

In the past, loans were funded primarily from savings that went into financial institutions. This was seen as limiting as financial markets could provide cheaper and more available sources of funds compared with savings alone. Securitization thus enabled mortgage lenders to sell their mortgage portfolio on secondary mortgage markets to investors. In the same process, those mortgages were taken off the balance sheets of mortgage lenders, which frees up more equity for more loans. However, secondary mortgage markets are global markets, which means that a crisis of mortgage securitization soon affected institutions, investors, and economies around the world—from Chinese sovereign wealth funds to German pension funds and from Swiss investment banks to Singaporean municipal councils (Aalbers, 2009b; Martin, 2010). Through securitization, housing has become an electronic instrument for high-risk finance (Sassen, 2009), as well as the basis for the creation of new topographies of race and class on the urban landscapes (Dymski, 2009b; Wyly et al., 2009). The 'calculating tools' and 'technical devices' of credit scoring, computer technologies, statistical models, and securitization have therefore been crucial intermediaries of financialization in the assembly of new consumer markets, and the entanglement of daily lives, life events, and livelihoods into contemporary financial markets.

Financial advisors are also key intermediaries in the financialization process. More than just connecting the supply and demand of financial products, financial advisors shape the financial knowledge and investment practices of consumers and their modes of articulation into capital markets. Finance is performed on a daily basis not only by investors, but also by financial institutions, managers, marketing professionals, and political actors (Clark et al., 2004). More than just standardized forms of technical expertise, financial advisors perform and legitimize new cultural circuits of (financialized) capitalism (Thrift, 2005) that help assemble particular kinds of investor subjects for contemporary systems of accumulation. Financial advisors themselves can also be seen as knowing subjects (Larner, 2012) governed by different modes of corporate management, industry structures, remuneration structures, and incentivizing schemes that result in variegated encounters and practices with clients. While this is not the place for an in-depth case study, an illustrative discussion of the industry structure and professional practice of the financial advisory sector in Singapore could provide some useful insights on these intermediaries of financialization.

Financial advisors for the mass market in Singapore are largely divided into three groups: *insurance agents* based in major insurance companies; wealth managers or *relationship managers* employed by retail banks; and *independent financial advisors* affiliated with independent financial advisory firms. Other than the basic function of advising clients on financial planning, product information, and transactional services, all three types of financial advisors operate under distinctive corporate environments. Only relationship managers with banks are salaried employees, while insurance agents and independent financial advisors are self-employed, and they are completely reliant on commission and other incentives for remuneration. The actual range of financial products that financial advisors can recommend and provide transactional services for are surprisingly limited and dependent on their affiliated companies. They range from only in-house products to an extensive list of licensed external products. This provides a highly variable motivation for tailoring financial advice and sales tactics to clients depending on product availability and incentive structures (tied to overall sales targets or product-specific bonuses). The types of financial advisors that potential clients are likely to engage is also influenced by new or existing banking relationships (in the case of relationship managers) or family and other personal networks (more often the case with insurance agents and independent financial advisors), which, in turn, affects the financial advice (whether more insurance- or investment-oriented) given and the actual financial investments.

Taken together, different types of financial advisors operate under distinctive forms of employment, remuneration and incentives structures, licensed products, client base, and institutional reputation. These often have a direct impact on their professional practice in terms of the financial planning process, product recommendations, and sourcing for new clientele. Instead of adhering to principles of financial protection and catering to clients' life stages and financial goals, financial advisors may lean on established reputational effect of their companies to sell only particular types of products or they may follow existing preferences of clients to achieve quick sales, rather than deliberately 'educating' clients on more comprehensive financial planning and less popular products for better risk management.

The financial advisory sector in Singapore hints at the complex ways in which consumers are drawn into different forms of financial relationships and their uneven access to information and resources. The financial system is recast as a coalition of smaller constitutive ecologies, such that distinctive groupings of financial knowledge and practices emerge in different places with uneven connectivity and material outcomes. Instead of a democratization of finance, whereby financial products and services are made available to mass consumers and individuals have greater freedom to protect against the uncertainties of life through financial planning, such financial ecologies reveal the partial and uneven process of financialization through key intermediaries like financial advisors (French et al., 2011; Lai, 2016).

Financial Subjects and Governmentality

The ways in which discourses of risk-taking and self-management have shaped the behaviour of individuals and households constitute one of the most vibrant areas of research in the financialization of everyday life. The shift towards financial markets for the provision of people's daily needs and longer-term security and well-being is facilitated by specific narratives that emphasize individual responsibility, the normalization of risk and calculative assessment in financial management, and, by extension, the management of life stages and life goals. This concerns not only the material outcomes of financialization (in terms of new growth markets in insurance and investment products and increased financial flows), but also its impacts on the subjective understandings of one's role within the political economy and a convergence of finance and the life cycle (Cutler and Waine, 2001; Martin, 2002; French and Kneale, 2009; Zelizer, 2011). Individuals adopt new modes of self-governance and reflexivity to monitor their investments and consumption habits. Related studies on behavioural geographies have mapped the ways in which the wider financial environment shapes understandings of 'rationality' in investments and retirement strategies made by British households and individuals (Strauss, 2008; Clark, 2010; Clark, 2011). Wider processes of financialization are thus underpinned by the promotion of new forms of economic behaviour in the contemporary neoliberal era (Larner, 2012).

Langley's (2006) seminal work demonstrates how neo-liberal governments in the USA and UK encourage citizens to participate actively and invest in financial products for retirement, ultimately legitimizing state reductions in pensions benefits (Finlayson, 2009a). This draws from Foucault's notion of governmentality—how states regulate behaviours 'at a distance' through discursive production of knowledge and techniques of self-governance (Barnett, 2001) that motivate subjects to ascribe voluntarily to self-disciplinary ways in order to achieve 'rationality'. Financial planning becomes a form of biopower whereby investor subjects are mobilized to plan, calculate, and invest wisely to fulfil and secure their future well-being (Langley, 2008a). In the process of producing these new subjects of sophisticated, calculative investors, financial risk is effectively reshaped into something that is manageable by individuals through wise and calculative 'technologies of the self' (Langley, 2006). Through discourses of 'personal responsibility' and 'self-sufficiency' produced by state-sponsored financial literacy programmes, individuals are normalized as responsible for their own financial well-being (Martin, 2002).

By focusing on risk taking and self-management, scholars identify the formation of the 'financial subject' or 'investor subject' (Langley, 2006; Aitken, 2007; Langley and Leyshon, 2012) who insures himself/herself against the risks of the life course through self-disciplined financial practices. Neo-liberal policies and associated banking practices, discourses, and instruments frame people as rational and responsible subjects who are expected to take care of their financial futures and assume individual responsibility for their own welfare and financial security. Technologies such as credit scoring, financial profiling, and pension fund reforms prompt consumers to internalize these market logics and to become self-governing subjects.

Financial logic thus enters everyday life through the discourses, regulations, financial instruments, and technological devices that compel people to enact financial decisions and practices by allowing or disallowing particular actions or subjectivities. Risk, in the form of accepting increasing uncertainty in everyday life, is also rescaled from the state to the individual as it motivates financial subjects to take charge of and fund their future financial needs. However, the formation of financial subjects under neo-liberal programmes of government is often contingent and contested (Erturk et al., 2007; Finlayson, 2009b). Increased anxiety and uncertainty over investments and returns may drive individuals to retreat to the safety of savings accounts, thus departing from the definition of the investor as a clearly defined and unproblematic subject position performed by rational and financially literate individuals (Langley, 2007). Investors may choose risk-averse investment options, such as low-performing capital-guaranteed funds or bonds, or make investment decisions based on reputation of the issuer/distributor and long-standing custom with a financial institution, rather than through a calculative assessment of risk and returns (Lai, 2013). Investors could also reject financial-market investments altogether, in favour of yields from property investment (Leyshon and French, 2009). As such, the nature of financial subject formation and of financialization itself is necessarily contested and incomplete, as financial subjects engage in different and sometimes contradictory sets of financial practices.

While much of the work on financial subject formation has focused on the investor, that is, the reshaping of the passive, saver subject into an active and entrepreneurial investor subject, a smaller but growing body of work analyses the formation of biofinancial subjects, which concerns politics of care and management of the body and of life (French and Kneale, 2009). Biofinancialization, the intersection of financialization and biopolitics, refers to the ways in which contemporary processes of financialization and of the politics of life itself (Rose, 2007) intersect in new ways to produce distinctive relationships between capital and health/bodies/life cycles/other bodily experiences and aspects of life and living (French and Kneale, 2012). Biofinancialization introduces a culture of (financial) valuation into everyday life, such that the worth of activities, bodies, health, and of life itself can be translated into financial evaluations, which subsequently impacts on how individuals modify their behaviour and lifestyles. In this sense, financial value espouses the primacy of investment value over other values (e.g. aesthetic, moral, ecological, cultural), such that there is future monetary profit to be gained from potentially any aspect of life and of living (Lilley and Papadopoulos, 2014).

Using the frame of biopolitics and affect, French and Kneale (2009, 2012) examine the ways in which the rationale of lifestyle and habits leads to a reworking of life assurance and annuity in the UK. Biopolitical metrics such as the body mass index and alcohol units are enrolled and mobilized by the insurance industry to influence the behaviour and lifestyles of individuals as the (financial) value of their lives become bound up with these new forms of government. Markers or traces of disease or morbidity on the body, or the anticipation of such markers as in the case of lifestyle factors, become targets of calculation and discipline. Rather like the development of credit-scoring technologies that enable the constructions of individuals as quantifiable risks, the entanglement of insurance, medical, and regulatory knowledges gives rise to the capture, sorting, and ranking of (projected) morbidity such that the (financial) value of individuals could be calculated and mobilized in terms of premiums, payouts, and exclusions. Innovations in health insurance and other forms of financial provision thus create new environments in which responsible subjects with 'desirable' lifestyles could be assembled (Guthman and Dupuis, 2006; French and Kneale, 2012).

There has been some scepticism as to whether the everyday consumer possesses the level of financial literacy or even self-awareness of their own financial status and financial goals to make informed decisions about financial planning (Erturk et al., 2007; Finlayson, 2009b). Financial education and literacy or charges of 'irrationality' are, however, insufficient to explain the variegated financialization of households and individual subjects. Understandings of financial freedom and financial security are not only constituted by economistic calculations set against average life expectancies; sociocultural constructs often underpin everyday attitudes towards money (Zelizer, 1993, 1994; Maurer, 2006), with value judgements being bound up in financial decisions and investment practices. The framing of 'freedom' and 'security' by financial subjects themselves requires deeper interrogation in order to explain what might appear to be irrational, passive, or contradictory financial practices, but which could well be appropriate and persuasive when viewed outside of a neoliberal governmentality frame. People 'inhabit multiple subject positions within a financial ecology in ways that conform, diverge and subvert neoliberal versions of the responsible, financially self-disciplined individual' (Coppock, 2013, p. 479). The actual nature of what actually constitutes responsible and self-disciplined financial subjects could also change over time through embodied, emotional, and socially inflected processes, rather than through rational and calculative practices (Deville, 2012, 2015). All these point to the value of a critical engagement with money cultures in examining financial subjects and practices (Gilbert, 2005; Maurer, 2006; Deville and Seigworth, 2015).

The State and/in Financialization

The analysis of state and state actors within financialization studies tends to focus on financial deregulation and its impacts on institutional change, firm behaviour, and everyday habits of savings and borrowing (van der Zwan, 2014). These approaches tend to emphasize market imperatives and neo-liberal logics rather than consider how financialization of the economy could be a deliberate pathway sought by state actors and policymakers. The role of the state has been largely set within the context of neo-liberalization, with market efficiency and financial logics justifying the rolling back of state functions and devolving state responsibilities for social provision to individuals and households (Dore, 2000; Cutler and Waine, 2001; Martin, 2002; Langley, 2008a). The emphasis on market imperative, however, obscures the strategic ways in which the state actively mobilizes institutions, firms, and households to adopt and enact financialization scripts for political economic purposes.

More recently, some scholars have suggested that far from 'retreating' or 'declining,' the state has taken on qualitatively different roles in its relationships with financial markets, financial institutions, and non-financial firms. This approach focuses on financialization of the state itself, as state actors and institutions turn to financial markets as solutions in the face of economic (and political) crises such as budget deficits or economic recessions (Aalbers, 2009a; Bassens et al., 2013; Hendrikse and Sidaway, 2014). Even before the 2008 global financial crises, property and mortgages have featured prominently in the financialization of everyday life. As part of efforts to roll back the postwar welfare state in the USA (and later on in the UK), residential property ownership became a core component of asset-based welfare under the new neo-liberal regime. Real increases in incomes were held down in order to combat inflation, leading to the demand for other forms of credit in order to sustain standards of living. Deregulation of the financial system during the 1980s encouraged financial institutions to compete in extending credit to consumers. Of particular relevance here is the practice of borrowing against the appreciation of the value of residential property, thereby bringing forward the projected future gains from the sale of an asset. Properties are thus increasingly mobilized to offset declines in real wages and to sustain lifestyles and consumption (French and Leyshon, 2012). This has created wider socio-economic problems owing to the reluctance of governments to tackle the unsustainable housing boom and property price bubbles that have served to fuel consumer-led growth over the past decades (Hay, 2009; Montgomerie, 2009).

It might be instructive to investigate more closely the role of the state in *driving* financialization, instead of treating the state as a distant or reactionary actor in providing the background of deregulation amidst neo-liberalizing pressures (i.e. conceptualizing the roles of the state *and* the process of financialization as interconnected but separate fields, while focusing analytical attention towards the transformation of everyday life/living at the individual or microscale). This requires a deeper interrogation of state–subject relations in the mobilization of financialization processes and financial subject formation and the motivations for the state in promoting financial subject formation, as these have important implications for the modes and outcomes of state-led financialization. Individual consumers are financial subjects who not only fulfil the neo-liberalized scripts of self-reliant, disciplined, and responsible subjects who take care of their own financial futures, but who can also be mobilized as citizen-subjects to build a stronger and more competitive national economy through their changing financial practices, even as they benefit from greater access to financial products and services. In turn, the state is able to achieve particular developmental goals, ensure its own economic and political viability in a competitive global environment, and bolster the ruling government's political legitimacy.

This relationship between popular finance and the forging of a 'national economy' has been examined by Aitken (2007), who demonstrates how specific financial instruments (e.g. US Savings Bonds, New York Stock Exchange mass-investment programme) are used in the inter- and postwar periods for patriotic purposes. Working-class individuals are thus enrolled into financial practices through which the national economy could be made real. Aitken's primary objective is to deconstruct how knowledge and practices of the national economy are assembled such that the notion and operation of a 'national' economy' is constructed and mobilized. His findings, however, also signal how individual financial practices play vital roles in securing the nation state through economic development. Instead of viewing financialization as primarily driven by market processes, a more developmental perspective could uncover a different set of dynamics connecting state, institutions, and individuals in the changing roles of financial logics in everyday life, and how those are embedded in broader political economic objectives. In contextualizing the transformation of saver subjects to investor subjects, the concept of financial citizenship could serve as a useful tool to analyse shifting state–subject relations in the financialization process.

The term 'financial citizenship' first emerged in the mid-1990s, during a period of massive restructuring of retail banking and extensive bank branch closures in the US and UK. The decline of small British rural communities and towns, due, in part, to a lack of access to banking services, led to the rise of the concept of financial citizenship, which champions access to financial services as a basic right tied with citizenship (Leyshon et al., 2008).

Leyshon and Thrift (1995, 1997) argue that rather than just being a matter of market adjustment to consumer demand, states need to reform national financial systems such that they are inclusionary, rather than exclusionary, in providing the basic financial services necessary for individuals' meaningful involvement in contemporary economic life. This concept of financial citizenship was later expanded beyond the national scale to examine at a global scale how access to financial services and mobility of capital are marked by class differences and differential transaction costs between the rich and poor (Dymski and Li, 2003; Dymski, 2005). This line of research critiques the inability of households and small businesses to access a full range of depository and credit services at competitive mainstream prices, rather than through subprime or informal credit facilities, with further research focusing on the issue of financial exclusion and bifurcated markets between formal/informal financial services for the rich/poor (Leyshon et al., 2008; Appleyard, 2011; Coppock, 2013).

Beyond addressing the politics of financial inclusion/exclusion and spatial inequality in access to financial services, the concept of financial citizenship has the potential to deepen our understanding of the intersections between the state, institutions, and individuals in financialization by focusing on a more geopolitical reading of financial *citizenship* (Lai and Tan, 2015). This emphasis on the 'citizen-subject' highlights the active and evolving relationship between the state and financial subjects in the financialization of everyday life. While financial subjects may be understood as knowledgeable investors (Martin, 2002) or uncertain subjects (Langley, 2007), they are also citizen-subjects with certain (financial) rights, privileges, and duties framed within the geopolitical frame of the nation state. This conceptualization of financial citizenship explicitly places state–citizen relations as the nexus through which financial landscapes are shaped, (re)produced, and contested through the assemblage of institutional change and financial subject formation.

A 'citizenship' reading of financial subjects also highlights the ways in which individuals are incorporated into financial systems in ways that may fulfil the broader strategic objectives of the state to pursue economic growth and secure legitimacy. Drawing upon the British's government responses to the 2008 financial crisis, Brassett and Vaughan-Williams' (2012) study utilizes this understanding of financial citizenship to demonstrate how British savers, firms, and bankers in the City of London were framed as victims requiring state assistance. The policy interventions taken by the British government were intended to safeguard the financialization processes in Britain and maintain London's position as a leading international financial centre. Similarly, Pathak (2014) draws upon the governance of morality to investigate how the British government reframed indebtedness and responsible behaviour. Indebtedness caused by unemployment or by reckless spending were deemed individual faults that should be avoided, but indebtedness resulting from mortgages was not branded as irresponsible, as mortgages were key to the government's asset-based welfare policies. The financial subject position of individuals must therefore be contextualized within the state's political economic framing of the intended roles played by individuals and households in the national economy in order to achieve particular political economic goals.

While emphasizing the empirical significance and theoretical relevance of state-led financialization for understanding financial subject formation, the above agenda has been supported by wider trends in banking over the last three decades. Erturk and Solari (2007) note how 'interest-based banking' has given way to a 'fee-based banking' model for both retail and investment banks in Europe and the USA, with an increased emphasis on fee-based activities such as wealth management and the sales of financial products (see also Hardie et al., 2013). In the face of banking liberalization and greater competition, banks have increasingly been shifting their business emphasis away from traditional loan mediation and transforming themselves as financial services corporations based on a wider array of fee-generating activities and deeper participation in financial markets for capital gains. Therefore, while banks have not acted in conjunction with the state for the most part in the rolling out of ever-more-financial products and services for everyday consumers,[2] state promotion of financialized behaviour in households and individuals has certainly aligned with the banks' increasing business focus on financial markets and products and the enlargement of non-bank financial investments in insurance and investment functions.

As financial citizenship focuses on the interactions between state and individuals, it avoids privileging state discourses surrounding risk, management, and responsibility in structuring and producing financial subjects (see Martin, 2002; Langley, 2008a). Focusing on state–subject interactions also allows the constraints and agencies of both states and financial subjects to be better situated by framing their relationship as co-constructed and negotiated through networked relations. Looking forward, this allows for a fuller and more nuanced analysis of the relational interactions between state-driven agendas, institutional agents (e.g. pension funds, insurance firms, banks), and individual–local narratives and practices in order to uncover the dynamics of how individuals are discursively constructed and incorporated into circuits of finance and financialization and their developmental outcomes. This has particular resonance for a broader theoretical agenda on explicating the spatialities and multiscalar impacts of global financial networks as they unfold across different scales and territories (Coe et al., 2014).

Conclusion

While the nascent field of financialization has produced multiple approaches to analysing the growing significance of finance in changing capitalist modes of production, national economies, corporate strategies, and household behaviour, this chapter has focused on the diverse ways in which finance is grounded in the realms of everyday life. The preceding sections have identified key research themes and highlighted some future directions for investigating the processes and impacts of financialization on households and individuals, and how the embodied and lived experiences of the everyday citizen have enmeshed with the making of financial capitalism.

Underlying the discussion is an assertion of the household as a key site from which to explore the constructions and practices of financialization. There are three specific areas of future research that could further our understanding of financialization and the ways in which it unfolds through and impacts upon everyday life. Firstly, financial subject formation occurs not only through a neo-liberal framework of entrepreneurial investors, but also through the frame of intimacies as family and personal relationships, emotions, and care become intimately bound up in decisions about financial commitments and investment practices that concern the life course of not only individuals, but also family members and other dependants. This calls for more serious engagement with ideas of emotions, morality, and care, as they are not just legitimate but vital components to the calculation and production of financial logics and practices by (re)shaping the narratives and practices of households and individuals. The demand for insurance, for investment, and for credit is driven by relationships and by ties of obligation, love, and fear. Investment decisions and financial practices are steeped in the quotidian world of bodies and intimacies, inseparable from habits and routines, dispositions and moods, and the disciplining rhythms of premium payments in the enactment of individual aspirations and household responsibilities (McFall, 2008; Deville, 2015). In analysing the process and impacts of financialization in everyday life, it is therefore imperative that we bring together the financial and the mundane in the analysis of financial market development and financial subject formation (Hall, 2016).

Secondly, structural factors need to be more closely interrogated in examining the variegated processes and impacts of financialization. A focus on households and individuals in financialization does not necessarily mean that structural issues are to be sidelined in favour of cultural economy analysis at the microscale (Hall, 2011).[3] As financialization is extending, deepening, and normalizing the reach of financial metrics into households, new patterns of interdependencies and inequalities are being mobilized and carved out along gender, class, age, and other markers of difference with uneven socio-spatial impacts (Pollard, 2013). A renewed sensitivity to structural issues would be in keeping with the spirit of geographical enquiry in analysing new economic agents and new spatialities of finance (Lai, 2017).

One such approach could be through the framework of financial ecologies. Instead of an abstract and monolithic entity, a financial ecologies approach reframes the financial system into a coalition of smaller constitutive ecologies, such that distinctive groupings of financial knowledge, practices, and subjectivities emerge in different places with uneven connectivity and material outcomes (French et al., 2011). This brings into focus how households and individuals are changing their investment practices and are drawn into different financial relationships, as delineated by distinctive sociocultural demographics (Leyshon et al., 2004; Lai, 2013). Financial subjectivities are also being reshaped by broader shifts in financial regulation and changing corporate strategies of financial institutions to draw in everyday consumers (Lai and Tan, 2015; Lai, 2016). A research focus on the household that is situated against broader institutional and regulatory changes can thereby contribute to an economic geography that is better equipped to address broader structural issues of power and the variegated impacts of financialization across different sites of capitalist production and accumulation.

Thirdly, we need to re-engage with the role of the state in financialization, particularly through a reinvigorated focus on state–subject relations in the mobilization of financial practices. Research into the roles of state policies, agencies, and regulatory power in reshaping the financial subject formation could generate new insights into the dynamics connecting the state, institutions, and individuals in the political economy of financialization. The concept of financial citizenship, for instance, explicitly places state–citizen relations as the nexus through which financial landscapes are shaped, (re)produced, and contested, through the assemblage of institutional change and financial subject formation. Moreover, the very stability and health of national financial institutions and financial systems directly implicate the legitimacy of governments and their claims to power. This has become more evident after the 2008 financial crisis, with the flurry of bank bailouts in the USA, the UK, the Netherlands, and elsewhere.

A more systematic treatment of the relationships between the state, firms, and individuals would enable a deeper understanding of the changing roles of financial logics in everyday life and in corporate transformation, and how those changing roles feed into strategic goals of national development or political legitimacy. This has wider resonance for research into the increasingly extra-territorial powers of state-turned-financial actors, such as sovereign wealth funds and pension funds, which have important implications for the future financial security of households and individuals (Clark et al., 2010; Monk, 2011; Yeung, 2011). In valourizing the role of the state and interrogating the ways in which it mobilizes and intersects with firms and individuals in financialization, there is considerable scope for bringing into focus new actors, relationships, and territories in global financial networks (Coe et al., 2014). As financial logics, institutions, and actors have become inseparable from ever more segments of economy and society (Hall, 2013), such an approach could yield valuable insights beyond the household to the topics of capitalist change, state rationalities, and regional development.

Notes

1. For more comprehensive surveys of the financialization literature, see Hall (2012) and van der Zwan (2014).
2. Although see the earlier discussion on the construction of special financial instruments in the USA during the inter- and postwar period (Aitken, 2007) and the explicit role played by a national savings bank in Singapore in the forging of specific kinds of financial subjectivities (Lai and Tan, 2015).
3. For some critiques of how cultural economy and social studies of finance approaches have tended to overlook the political nature of financial development and market making, see Pryke and du Gay (2007) and Engelen and Faulconbridge (2009).

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